



Metro

Board Report

Los Angeles County
Metropolitan Transportation
Authority
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3rd Floor Board Room
Los Angeles, CA

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Meeting_Body

**LA SAFE BOARD MEETING
MAY 26, 2022**

SUBJECT: LA SAFE FISCAL YEAR BUDGET

ACTION: ADOPT THE FISCAL YEAR 2022-2023 BUDGET

RECOMMENDATION

ADOPT the Fiscal Year 2022-2023 (FY23) budget in the amount of \$8,403,486 for the operation and administration of the Los Angeles County Service Authority for Freeway Emergencies (LA SAFE). This budget amount includes the annual funding allocation from the agreement with the Public Transportation Services Corporation (PTSC) for direct labor and administrative support services in the amount of \$2,616,486.

ISSUE

LA SAFE was created in 1988, pursuant to California Streets and Highway Code Section 2550 et.seq. and is responsible for providing motorist aid services in Los Angeles County. To fulfill its mission, LA SAFE needs an annual budget and requires administrative support services, which are provided via a Memorandum of Understanding (MOU) with the PTSC. A summary of the proposed FY23 budget is provided in Attachment A.

BACKGROUND

During FY22, LA SAFE continued to fund, develop, implement, and operate a variety of motorist aid services, programs, and activities. These services, programs, and activities include:

- Operation and maintenance of the Kenneth Hahn Call Box System
- Completion of the upgrade of the call boxes to operate on 4G wireless service due to the sunset of 3G services by all wireless service providers
- Initiated review of the Kenneth Hahn Call Box System to establish the future operations and guidelines for the system
- Operation of Southern California 511 regional traveler information system (SoCal 511)
- Discussion and agreement regarding the integration of the Inland Empire 511 (IE511) operations into SoCal 511
- Seamless transition of SoCal 511 IVR phone service to a new contractor
- Development and upgrades to the SoCal 511 mobile application

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- Coordination with Metro, Caltrans and California Highway Patrol (CHP) on the operation and development of the Regional Integration of Intelligent Transportation Systems (RIITS)
 - Coordination with CHP and Caltrans for the ongoing operation of the SoCal 511 Traveler Information Center (TIC) within the Los Angeles Regional Traffic Management Center (LARTMC)

For FY23, LA SAFE will be working on the following projects and activities:

- Continued operation and maintenance of the Kenneth Hahn Call Box System
- Implementation of approved recommendations from the Kenneth Hahn Call Box System evaluation study
- Continued operation of SoCal 511
- Implementation of improved market awareness actions in support of SoCal 511
- Investigation, development and deployment of improvements, new features and services for SoCal 511 - this includes implementation of additional language support/capabilities
- Completion of IE 511 integration into SoCal 511
- Initiation of a strategic review of SoCal 511
- Enhancing the collaboration and coordination with SoCal 511 stakeholders
- Collaboration with Metro on the development and operation of RIITS to improve the quality and availability of data and services provided to SoCal 511
- Collaboration with regional partners to identify and implement improvements to programs and develop new services that will enhance mobility within the region - including Intelligent Transportation Systems (ITS), connected and automated vehicles and integrated corridor management projects

The FY23 budget of \$8.4 million represents an increase of approximately \$15,700 or 0.2% compared to the adopted FY22 budget. Specifically, the FY23 budget variances for each major budget category are as follows:

<u>Category</u>	<u>Increase/ (Decrease)</u>
Administration	\$ 68,000
Direct Labor	\$302,680
Programs & Services	(\$355,000)

The Administration budget covers the general administrative costs for LA SAFE and includes the budget for general office and computer supplies, insurance, training and travel/conference fees. This category is proposed to increase by \$68,000 for FY23. The increase in this category is primarily associated with a \$55,000 increase in the insurance budget. In FY22, despite a 9% increase to the insurance budget, LA SAFE experienced a 26% increase in cost - primarily associated with General Liability coverage. In FY23, LA SAFE has increased the budget by approximately 40% to cover both the 27% FY22 budget to actual increase and an additional 14% increase from FY22 actuals. Staff is working with the Metro Risk Management department to review all aspects of LA SAFE's insurance coverage to control future costs. The remaining increase is associated with funds to support staff training, attendance at conferences and general supplies.

The Direct Labor budget covers the costs for obtaining staff and associated administrative services from PTSC. This category includes the costs for direct labor, as-needed staff, allocated overhead, fringe, and other labor related costs and is proposed to increase by \$302,680 for FY23. The FY23 budget increase is attributable to an increase in the as-needed allocation and an increase in the FTE allocation. The as-needed allocation increase will support a variety of tasks, including content development and management of the video display screens, quality/customer experience testing, data analytics, call box system recommendations and other associated projects. The FY23 FTE allocation of 7.47 FTEs is an increase of 0.5 FTE compared to the approved FY22 allocation. The FY23 FTE allocation will provide staff to oversee, manage and support LA SAFE operations and services. The allocation will enable LA SAFE to effectively manage existing services, develop and implement customer focused improvements, address emerging opportunities and technologies, engage in improved market and customer awareness, engage new stakeholders and identify strategic initiatives to position LA SAFE to better support upcoming major events such as the 2028 Olympics and Para-Olympic games. All costs are calculated by PTSC and are consistent with Metro costs and budget. Additionally, all FTEs, including the new FTEs, are consistent with and included in Metro's FY23 budget.

The Programs & Services category provides the funding needed to administer, operate, maintain, improve, and develop the motorist aid services provided or supported by LA SAFE. The budget allocation for this category is proposed to decrease by \$355,000 in FY23. The FY23 allocation includes funding to support the Kenneth Hahn Call Box System - fixed and mobile services, SoCal 511 operations and development, service improvements, and other motorist service improvements. The budget includes funding of \$500,000 to support market awareness actions including increased marketing and advertising for SoCal 511, which may include paid services such as outdoor, digital/web and other media platforms. Staff is also increasing engagement with partner agencies and stakeholders to secure in-kind support for SoCal 511 through their channels (e.g., websites, mobile app links, timetables and other related materials). The budget decrease is primarily associated with a decrease in Call Box operations due to the completion of the 4G upgrade. There is an increase to the motorist services improvements budget which supports marketing and the development of improvements and new services.

DETERMINATION OF SAFETY IMPACT

The budget is used to support the continued safe and reliable operation of the Kenneth Hahn Call Box System and Southern California 511. Both systems support motorists by providing a service from which motorists can request assistance and obtain transportation-related information, improving the overall safety and reliability of the transportation network.

FINANCIAL IMPACT

Funding in the amount of \$8,403,486 has been included in the FY23 proposed budget in project 300209 and allocated to cost centers 2220 (Congestion Reduction), 3351 (LA SAFE), and 7140 (Marketing). The Five-Year Financial Forecast demonstrates the financial capacity of LA SAFE to use its existing fund balance and projected revenue to fully fund the proposed FY23 budget.

Impact to Budget

The source of funds for this action is locally generated DMV fees dedicated to LA SAFE. It is not eligible for bus and rail operating or capital expenditures.

EQUITY PLATFORM

LA SAFE programs assist all people in Los Angeles County, residents and visitors. Disadvantaged populations benefit from the services provided by LA SAFE. For example, SoCal 511 provides traffic and transit information enabling them to make efficient and economical transportation choices, and to support them when they need motorist assistance and motorist aid. Currently this service is offered in Spanish and English via an Interactive Voice Response (IVR) system, and our web platform is translated into eight languages.

Call boxes are ADA accessible and provide communication options through RTT / TTY / TDD for all potential customers who are hearing impaired, deaf and/or speech impaired. Further, Spanish operators are available to support Spanish-speaking callers and over 200 other languages are supported through contracted translation services. This ensures that the call boxes can continue to be effective and accessible for people with limited English Proficiency in communities within Los Angeles County.

The LA SAFE budget directly benefits marginalized groups, as explained above. LA SAFE and its programs are legislatively mandated, and if the budget is not secured there will be impacts to public safety for all travelers within LA County, including potential disproportionate harm to marginalized groups.

ALTERNATIVES CONSIDERED

The Board may elect not to adopt the proposed budget. This alternative is not recommended as it would result in the discontinuation of LA SAFE operations and its programs. Without the budget, LA SAFE will be unable to administer its programs and fulfill its statutory motorist aid mission.

The Board could choose to make a modification, either a decrease or an increase, to the proposed budget. This alternative is not recommended since the proposed budget was developed to ensure that LA SAFE is sufficiently funded for FY23. The proposed budget ensures LA SAFE's ability to properly fulfill its mission and comply with all existing legal and statutory requirements and is consistent with Metro's proposed FY23 budget.

NEXT STEPS

Upon approval of the proposed FY23 budget, staff will begin implementation of FY23 projects and efforts. Staff will monitor the budget and projects to ensure LA SAFE meets all its requirements in a fiscally responsible manner.

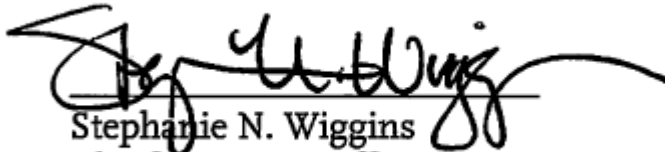
ATTACHMENTS

Attachment A - Proposed Fiscal Year 2022-2023 Budget Summary

Attachment B - Five-Year Financial Forecast

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Stephanie N. Wiggins
Chief Executive Officer

ATTACHMENT A

**Proposed Fiscal Year 2023 Budget Summary
Total Expenditure Categories**

CATEGORY	FY23	
	PROPOSED BUDGET	PERCENTAGE
Administration	207,000	2%
Direct Labor	2,616,486	31%
Programs & Services	5,580,000	66%
Call Box Operations	1,120,000	20%
Traveler Information System	2,660,000	48%
Motorist Services Improvements	1,800,000	32%
Total	8,403,486	

**Proposed Fiscal Year 2022-2023 Budget Summary
Comparison FY22 Budget vs. FY23 Budget**

CATEGORY	FY22	FY23	VARIANCE
	BUDGET	PROPOSED BUDGET	
Administration	139,000	207,000	68,000
Direct Labor	2,313,806	2,616,486	302,680
Programs & Services	5,935,000	5,580,000	(355,000)
Call Box Operations	1,710,000	1,120,000	(590,000)
Traveler Information System	2,760,000	2,660,000	(100,000)
Motorist Services Improvements	1,465,000	1,800,000	335,000
Total	8,387,806	8,403,486	15,680

ATTACHMENT B

LOS ANGELES COUNTY SERVICE AUTHORITY FOR FREEWAY EMERGENCIES

FINANCIAL FORECAST (\$000)

FISCAL YEAR 2022-2023

	PROJECTED YEAR-END 2021/2022	PROPOSED BUDGET 2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
SAFE FUNDS							
Projected Registration Surcharge	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750	\$7,750
Projected SAFE Fund Balance	\$32,765	\$34,645	\$34,349	\$34,205	\$33,982	\$33,676	\$33,282
Projected Interest	\$240	\$357	\$355	\$353	\$350	\$346	\$342
FUNDS AVAILABLE	\$40,755	\$42,752	\$42,454	\$42,308	\$42,082	\$41,772	\$41,374
EXPENSES/OBLIGATIONS							
Administration	\$200	\$207	\$217	\$228	\$240	\$252	\$264
Direct Labor	\$1,200	\$2,616	\$2,481	\$2,548	\$2,617	\$2,688	\$2,761
Programs & Services	\$4,710	\$5,580	\$5,550	\$5,550	\$5,550	\$5,550	\$5,550
Call Box Program	\$1,260	\$1,120	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Traveler Information	\$1,750	\$2,660	\$2,750	\$2,750	\$2,750	\$2,750	\$2,750
Motorist Services Improvements	\$700	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
TOTAL EXPENSE/OBLIGATIONS	\$6,110	\$8,403	\$8,248	\$8,326	\$8,407	\$8,490	\$8,575
PROJECTED YEAR END BALANCE	\$34,645	\$34,349	\$34,205	\$33,982	\$33,676	\$33,282	\$32,799

**Los Angeles County
Service Authority for Freeway Emergencies
Five-Year Financial Forecast
Fiscal Year 2022 – 2023**

Notes and Assumptions

The FY23 Five-Year Financial Forecast has been developed to provide a snapshot of LA SAFE's current financial situation and project the impact of the proposed FY23 budget to the overall financial condition of LA SAFE. The forecast is based upon the assumptions and notes listed herein.

The use of SAFE funds is strictly limited per California Streets and Highways Code Section 2550 et.seq., which requires LA SAFE to first use its dedicated funds to support motorist aid services such as the Kenneth Hahn Call Box System, SoCal 511 and other motorist aid services.

The forecast demonstrates that LA SAFE has sufficient financial capacity to fund the services and activities as proposed in the FY23 budget and to absorb the impact of the FY23 budget for the next five years.

This forecast includes the projected costs of operating the Kenneth Hahn Call Box System and Southern California 511 and funding improvements to motorist services programs. All financial figures will be refined as better information is obtained and more accurate projections can be made. This forecast is updated annually as part of the LA SAFE budget approval process.

SAFE FUNDS

This section provides a summary of the projected funds available to SAFE.

- **Projected Registration Surcharge**

This category provides the projected annual revenue generated by the \$1.00 vehicle registration surcharge. The forecast is a conservative forecast based upon long-term historical actuals. Overall, the registration surcharge is projected to remain relatively constant for the next five years. However, this will be an item that will require annual review as recent increases to the cost of owning a vehicle in California, attitudinal changes regarding vehicle ownership, impact of ride/car sharing services, technological changes and other related items may impact the overall number of registered vehicles.

- **Projected LA SAFE Fund Balance**

The LA SAFE fund balance provides the projected balance from the end of the previous fiscal year.

- Projected Interest

This category forecasts the projected interest income derived from LA SAFE funds invested as pool with Metro funds, based upon a conservative 1.0% rate of return on the investment base. The investment base is defined as the total funds available less 80% of the projected fiscal year expenditures. The total funds available are defined as the “Projected Registration Surcharge” + “Projected LA SAFE Fund Balance”.

EXPENSES/OBLIGATIONS

- Administration

This category summarizes the funds programmed for general administrative support services and equipment costs. Items such as travel, training, office supplies, computer equipment, insurance, legal, and other general services required for the administration of LA SAFE are included in this category.

The allocation for administration is projected to increase in FY23 as a result of an increase in insurance costs. The FY23 budget for administrative services is proposed to increase by \$68,000 compared to the adopted FY22 budget. This increase is primarily due to a \$55,000 increase in the budget for insurance. The FY23 budget allocation includes the impact of the higher than anticipated insurance cost realized in FY22. Additionally, the budget for training and business travel/conferences was restored after being suspended during the COVID-19 pandemic. The forecasted allocations beyond FY23 includes an annual 5% increase to account for insurance premium increases. Staff is currently coordinating with Metro Risk Management to conduct a review of LA SAFE’s current insurance needs, coverage and cost with the goal of reducing and/or containing future costs.

- Direct Labor

This category summarizes the funds programmed to cover the costs associated with LA SAFE’s staffing resource needs. This includes overhead, salary, fringe benefits and as-needed labor costs. The FY23 budget allocation is proposed to increase by \$302,680. The primary cause of this increase is a larger allocation to obtain as-needed support. As-needed funding is proposed to increase by \$300,000 to support a variety of needs during the fiscal year. This includes management of display screen content development, marketing and outreach, data management and analytics, finance and administrative support, call box field inspections, testing and other program or service related support. The FY23 FTE allocation is proposed to increase by 0.5 FTE. The new 0.5 FTE is a shared position which is being requested due to the re-organization of Metro that resulted in the creation of the new Shared Mobility unit and the management of the new functions assigned to the unit. The new allocation will support coordination, collaboration and management oversight of programs and services operated by LA SAFE. All of the staff provided under this category will be obtained from the Public Transportation Services Corporation (PTSC) via the existing MOU and the budget request is consistent with what is contained within Metro’s FY23 proposed budget.

The forecast presents a 3% annual increase in direct labor cost over the five (5) year period. The forecast does not assume any additional as-needed support or new FTEs. The forecast does show a reduction in FY24 due to a projected decrease in as-needed budget. New FTEs or as-needed funds will be added as required and authorized, with the impact to be incorporated into future forecasts.

- Programs & Services

This category summarizes the funds budgeted in direct support of the programs, projects and services operated by or to be funded by LA SAFE. The FY23 budget for this category has decreased by \$355,000 compared to the adopted FY22 budget. This decrease is primarily caused by a decrease in the funds allocated to the Call Box Program.

The following is a breakdown of program and service categories for FY23:

Call Box Program

Funds programmed to cover the costs to operate, maintain and upgrade the Kenneth Hahn Call Box System. FY23 funding for the Call Box Program is proposed to be \$1,120,000. This is a \$590,000 decrease from the FY22 budget and is due to the completion of the upgrade of the call box system from 3G to 4G wireless service. The proposed budgeted funds will support the on-going operation and maintenance of the Kenneth Hahn Call Box System and covers the costs to implement recommendations from the call box evaluation study that will be completed by the end of FY22. The results of this study may impact future budget allocations and the five-year forecast will be updated in the next budget cycle to reflect these impacts.

Traveler Information System – Southern California 511

Funds programmed to support the operation, maintenance and improvement of the Southern California 511 (SoCal 511) system. SoCal 511 is a regional traveler information system operated in partnership with LACMTA, the Orange County Transportation Commission, the Ventura County Transportation Commission, the Riverside County Transportation Commission, the San Bernardino County Transportation Authority, CHP and Caltrans. The system provides individuals with the ability to obtain traffic, transit, commuter services and other general traveler information via their phone or the internet.

The FY23 allocation for SoCal 511 is proposed to decrease by \$100,000 compared to the FY22 allocation. This decrease is due to the completion of the transition of the SoCal 511 interactive voice response phone service to a new contractor. In addition to covering daily operations, the funding allocation will support the development of system improvements. Prior system/service improvements include the development of Spanish language services on the SoCal 511 phone service, integration of the Inland Empire 511 into SoCal 511, implementation of a traveler information center, development of a mobile app. For FY23, LA SAFE is proposing to evaluate and develop additional language support for SoCal 511. As things

change quickly with any technology-based service, staff will be closely monitoring the service to make any changes as a result of market conditions. Any changes will be reflected in future forecasts.

Motorist Services/Strategic Initiatives

Funds programmed to enable LA SAFE to support improvements to existing motorist services programs, develop new motorist services, and pursue strategic initiatives. The FY23 allocation for Motorist Services is proposed to increase by \$335,000 compared to the FY22 allocation. This increase is primarily due to a restoration of marketing and advertising budget to promote SoCal 511. Funding for advertising was suspended during the COVID-19 pandemic because of budget cuts.

For FY23, these funds will be used to conduct a strategic review of SoCal 511 services, advertise and promote SoCal 511 and other programs, support academic research and development services from Metrans, and implement QA/QC services and improvements. Additionally, the funds will enable LA SAFE to support new opportunities, provide strategic and communication services, research new technologies, develop applications, and continue the integration of motorist services operations into the Los Angeles Regional Transportation Management Center. The funding for service improvements will be allocated on an annual basis depending upon available funds, identified needs or the ability to secure new third party/grant funds. The forecast keeps the FY23 allocation of \$1.8 million consistent over the five-year period. These future funds will be used in support of improvements to current services and development/exploration of new technologies and opportunities to improve mobility.